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Document No. _____
No Change ☐ 6 February 1954
Date: _____

Colonel L. K. White
2430 E Street, N.W.
Washington 25, D. C.

Suggestions for Administrative Organization

Dear Colonel White:

The Central Intelligence Agency is failing to attain its optimum efficiency for lack of a strong central administration. Like Christianity, we have only tried central administration in very small doses.

In my discussion of this problem, I am making the following postulates:

1. CIA is an integer, not a federation of autonomous offices.
2. CIA is a civilian, not a military organization.
3. The business of the Agency is "Intelligence" and therefore the Director and his Deputy must be free to devote their major effort to substantive work.

As with everyone else, my opinions are molded by experience, and my experience has been entirely in private industry. I trust you will make the necessary allowance.

As you know, I was with the Trust affiliate of the National City Bank which bank has been voted by a leading management society as one of ten most efficient organizations in America. It has attained that enviable reputation because it has just what CIA lacks, namely a strong central administration under an Executive Vice President who is coordinate with, not subordinate to, the other Executive Vice Presidents.

Of course, in making decisions he confers with officials responsible for customer relations, loans, investments, and other fields which in CIA we term substantive, but the administrative decisions are his and there is no question about them being carried out.

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Obviously with a six billion dollar corporation, with offices all over the world, he must delegate much of his authority, but everyone knows what any given officer has.

Contrast this with two situations in CIA that come to my mind:

Case 1:

There is no one compulsory, unified system of personnel records. Each office, and even elements within an office, maintain such personnel records as they deem necessary and proper, resulting, as Mr. Meloon will tell you, in much duplication of his records, unnecessary records, and confusion.

Case 2:

The Comptroller published last June a system of Allotment Accounting for use in the DD/P Area, which system I thought was excellent. What happened, however, was some Areas used it, some used it partially, some thought it too much work and did not install it. I believe some six months later it is being adopted.

What should have happened? After due study of the needs of the various offices, the Personnel Office should have devised (I think they already have) an adequate, unified personnel record system for use by all offices. The necessary instructions should have been issued over the signature of the DD/A, and all offices should have installed the system and that system alone.

Similarly, there should have been no question about installing the system of Allotment Accounting published by the Comptroller. However, I think any new accounting system, to be safe, should have the concurrence of the Auditor in Chief.

To obtain Agency-wide concurrence on such matters is not necessary. The authority to issue instructions on administrative matters should reside in the DD/A and he be held responsible for their adequacy and adaptability.

Unity of policy and practice in administrative matters in accordance with fundamental principles of business must exist in order to attain management efficiency. That unity cannot be attained without authority and responsibility residing in one executive.

It is true, of course, that the necessary authority rests in the Director of Central Intelligence, but because of the magnitude, complexity, and great responsibility that is his to furnish our Govern-

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ment with accurate intelligence, he should not be burdened with administration. Nor should his Deputy be so burdened. Firstly, because the DCI needs his Deputy's almost complete effort in the substantive field, and secondly, because any day the Deputy may have to assume at least temporarily the duties of the DCI.

I believe, therefore, that all the DCI's powers over administrative matters (that can be delegated) should be delegated to the DD/A with complete authority. The DD/A would keep the DCI advised on all matters of importance, and of course, seek his instructions, but only on matters of great importance.

If I remember correctly, the DCI has now reporting to him beside his Deputies, the following administrative officials; the Inspector General, the Director of Training, the Auditor in Chief, and the Assistant Director for Communications. I believe the only administrative officials that should report to so busy a man are his three Deputies, the Inspector General, and the Auditor in Chief. That would comply with the generally accepted theory of management, viz. the span of control, that is executives reporting directly to a given high executive, should not exceed five.

If the DD/A is to carry out his functions as suggested above, there should be some general changes as well as some revamping of the organization of his Area.

General

Every administrative officer and employee should be hired, trained, assigned, and rotated by the DD/A through his appropriate officials, and should be carried on the Career Service records of his area. After assignment, such employees would be subject to the direction of the official of the area in which they were assigned as to what should be done. But the carrying out of such assignments must be done in accordance with the policies and procedures established by the DD/A, and no variation should be allowed unless authorized by the proper officials of the DD/A's Area.

I realize this is a counsel of perfection, and it may not be possible to immediately put it in action. I do think, however, it is a necessary goal, should be pursued relentlessly, and no new organizational step taken that does not lead in that direction.

It has always seemed to me that administration has been underrated in CIA. Therefore, it is important to give as much prestige to administrators as possible to aid them in the difficult task of making other

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persons' ideas work. My impression is that most substantive people in CIA look down on administrators as second-class citizens. One of the reasons (almost silly, it would seem) is that the heads of substantive offices are called assistant directors, whereas the heads of administrative offices are not so called. I suggest this be corrected, which can be done by re-grouping the administrative elements so that the responsibility of the head of each group is comparable to the responsibilities of the other assistant directors.

Organization of the DD/A's Area

A complete detailed plan of organization requires much more of an intensive study than I can give with no data except what I can remember. The following is, therefore, of a necessity only a broad outline of what I would suggest as an organizational pattern of the DD/A's Area.

Of course, the DD/A must have a staff to study, recommend and evaluate for him. In my December memorandum, I suggested the creation of such a staff. It is important that such a staff be limited to purely staff functions, namely, to study and recommend to the DD/A, and that executive control flow down through him.

There then should be created four offices, each under an Assistant Director, through whom the DD/A should exercise his functions. He would then have only five persons reporting to him regularly, viz. his Chief of Staff, and the four above mentioned Assistant Directors.

The broad functions of these officials should be:

Assistant Director for Personnel Relations responsible to the DD/A for the development and execution of all policies and procedures relating to personnel, except security, including general personnel practices, training, and medical services. He should pass on all promotions up to, and including, grade 15, and be Chairman of the Career Service Board. Reporting to him, should be three Deputy Assistant Directors, one for personnel, one for medical, and one for training.

Assistant Director for Fiscal Affairs responsible to the DD/A for all accounting and moneys, including cash, bank balances, foreign currencies and valuables, such as jewelry and other barter items.

He should assist all components in the preparation of the budget, (the Comptroller as set up in my previous memorandum is a Staff Officer of the DD/A and reviews the budget for the DD/A before final approval and submission, and where advisable is the contact for the Bureau of the Budget).

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He should also operate the budget after it has been established.

Reporting to this Assistant Director should be a Chief Accounting and Budget Officer and also a Treasurer. Combining the duties of bookkeeping and custody of funds under one person is generally frowned upon by professional auditors and accountants as unsafe. I really do not see any need for the segregation of fiscal affairs into overt and covert as represented by the Fiscal and Finance Divisions. I think it is much more important to keep the bookkeeping away from the handling of funds.

Assistant Director-Logistics and Services. This official should be responsible to the DD/A for the acquisition, storage, distribution, and accounting for all needed materiel.

He is also responsible for such services as reproduction, (except special TSS items), the acquisition allotting and maintenance of space, telephone service, moving, and motor pool.

Since his activities are so varied, he should have two Deputies. One in charge of procurement of things and attendant activities, such as warehousing, shipping, and property accounting. The other in charge of the many diverse services he has to render, including that relating to real estate and construction.

Assistant Director-Security. This official should be responsible to the DD/A for all personnel and physical security needed to prevent penetration of the Agency. Because this position brings wide personal contacts and the knowledge of many techniques, I believe it would serve the Agency well if all cover projects had to be cleared (not necessarily initiated) through him.

The above does not take into consideration the position of General Counsel. His office is somewhat independent. In most organizations, legal counsel report to the Chairman of the Board or to the President, although available for consultation by all appropriate officers. In CIA much of the daily work of the General Counsel's Office affects administration. On the other hand, such activities as legislative liaison probably concern the DCI more than anyone else. Probably the best idea is to leave the General Counsel's Office where it is under the DD/A who, however, would exercise only administrative control.

Sundry ideas. After the DD/A has established his organization, consideration might be given to grafting into it some administrative functions that are now in other offices.

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For instance, the receiving, decoding, encoding, and dispatching of messages is a service and might be a function under the AD for Logistics and Services, together with the Cable Secretariat. This would leave engineering and some substantive projects which, together with the work now done by TSS, might be merged into an office of research and development, thereby eliminating one office.

The work of OCD is primarily a service. A thorough study might reveal that it could be placed under the AD for Logistics and Services with the idea of merging some of its functions with others that now exist.

I am perfectly aware that much of what I have said will collide with some strong personalities, and it may take quite some time before certain steps can be taken. It is, however, most important to have a long-range plan, somewhat flexible, and every step in re-organization fit into that plan. Upheavals based on unrelated concepts are upsetting and very often in themselves are the cause of further upheavals. In the past we have based too much of our organization on personalities rather than on plans.

I do not expect you to entirely agree with what I have written, but I do hope that out of it you may get some ideas on which you can begin to develop plans that will strengthen one of the most vital elements of Government.

With every best wish,

Yours sincerely, *A*

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